

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  MIDAMERICAN ENERGY COMPANY	DOCKET NO. SPU-2014-0003 (RPU-91-5)
------------------------------------------	----------------------------------------

**ORDER GRANTING APPLICATION FOR RECONSIDERATION AND REVISING  
MAY 1, 2014, ORDER APPROVING DISBURSEMENT OF FORMER  
MANUFACTURED GAS PLANT INSURANCE PROCEEDS**

(Issued May 27, 2014)

On March 21, 2014, MidAmerican Energy Company (MidAmerican) filed a proposal for distribution of insurance proceeds received by MidAmerican for remediation of former manufactured gas plant (FMGP) sites. In the pleading, MidAmerican stated that it has continued to seek recovery of insurance proceeds related to FMGP sites and that FMGP insurance litigation has concluded. MidAmerican attached a confidential exhibit to the pleading that shows the details regarding the proceeds and a confidential exhibit that shows a status update as of March 14, 2014, for each FMGP site, the expense of remediation to date, and anticipated future expense.

On May 1, 2014, the Board issued an "Order Approving Disbursement of Former Manufactured Gas Plant Insurance Proceeds" in which the Board approved the disbursement of \$9,666,587.60 in insurance proceeds associated with FMGP sites and established procedures for the disbursement of the proceeds to MidAmerican customers.

On May 9, 2014, MidAmerican filed an Application for Reconsideration of the Board's May 1, 2014, order. In the application, MidAmerican requests the Board approve proposed revisions to the amount and procedures approved by the Board in the May 1, 2014, order.

On May 12, 2014, Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a response to the application for reconsideration. In the response, Consumer Advocate indicates it does not object to the revisions proposed by MidAmerican.

The Board has determined that the request for reconsideration filed by MidAmerican will be granted. The Board addresses the revisions proposed by MidAmerican separately below.

- 1. MidAmerican states that the total amount of insurance proceeds approved by the Board in the May 1, 2014, order of \$9,666,587.60 included total recoveries. MidAmerican states that the total amount should be reduced by 6.76 percent, which is the amount of recoveries allocated to Illinois FMGP sites. The correct amount to be returned to Iowa customers is \$9,013,126.**

The Board will revise the May 1, 2014, order by revising the total amount of insurance recoveries to be distributed by MidAmerican to Iowa customers from \$9,666,587.60 to \$9,013,126.

- 2. MidAmerican states that the disbursement mechanism adopted by the Board in the May 1, 2014, order will require duplication of the information regarding the amounts to be disbursed to MidAmerican customers. MidAmerican requests that the Board amend its order by allowing MidAmerican to make the distributions subject to oversight of the Community Action Agencies (CAA), rather than running the process through the CAAs. According to MidAmerican, running the payments through the CAAs would require the CAAs to create an electronic payment record with a new payment source code for each of the individual postings, and then to report those results to MidAmerican.**

MidAmerican requests that the May 1, 2014, order be revised and the Board adopt an alternative approach for disbursement of the FMGP insurance proceeds. The alternative approach requested by MidAmerican would be for MidAmerican to create a listing of proposed payments to LIHEAP (Low Income Home Energy Assistance Program) and weatherization accounts and review the listing with each CAA to determine if there are any reasons, unknown to MidAmerican, why the payments should not be posted. MidAmerican states that once the CAA and MidAmerican come to an agreement on the amounts and the recipients, MidAmerican will post the credits to the customer's account without the CAA having to create payment files.

MidAmerican also suggests that as part of the disbursement procedures it and the CAA should agree to a method of notifying the customer of the payment. MidAmerican suggests including a message on the customer's bill noting the refund related to insurance proceeds. This alternative method would not require any further notification by the CAA.

The Board has reviewed the proposed changes to the method of disbursement of the insurance recoveries suggested by MidAmerican and finds that the revisions are reasonable. The Board will revise the procedures for disbursement of the insurance proceeds established in the May 1, 2014, order as requested by MidAmerican. The purpose of having the CAAs involved in the process was to ensure that the LIHEAP funds were disbursed to those persons who were certified as eligible for LIHEAP and weatherization payments. In addition, it was considered important that the insurance recoveries address the significant number of LIHEAP

and weatherization customers who were not able to pay for natural gas service because of the high bills caused by the extreme cold weather this past winter.

The revisions to the distribution method proposed by MidAmerican accomplish both of these purposes and, as described by MidAmerican, will eliminate any duplication of listing eligible customers and payments to those customers by both MidAmerican and the CAAs. The Board also approves the method of customer notification proposed by MidAmerican. The notification should indicate that disbursement of the insurance proceeds is a one-time payment.

3. **MidAmerican states that the order notes that one additional recovery settlement is being negotiated with an insurance company that is being liquidated. MidAmerican expects the amount of proceeds recovered to be in the six figure range, but MidAmerican is not sure of the timing or the exact amount of the recovery at this time. MidAmerican states that this additional recovery is not included in the total recoveries approved by the Board in the May 1, 2014, order and MidAmerican has proposed to notify the Board when the amount is settled and MidAmerican has received the proceeds. MidAmerican requests that the Board approve returning the Iowa jurisdictional portion of the additional recoveries through the PGA within 60 days of receipt.**

The Board will revise the May 1, 2014, order as requested by MidAmerican.

The procedure for distributing any additional insurance proceeds through the PGA is an acceptable method for returning the proceeds to customers.

4. **MidAmerican attached as an appendix to the application for consideration a copy of the Board's May 1, 2014, order with suggested revisions to address the issues raised by MidAmerican in the application for reconsideration. On page 10 of the appendix, MidAmerican revises the Board's order by updating the number of natural gas customers certified for LIHEAP and weatherization and the total amount of debt owed by natural gas customers. The numbers were filed by MidAmerican in the Gas Moratorium Report April 2014 pursuant to 199 IAC 2(5)"j."**

The Gas Moratorium Report April 2014 shows a total of 8,603 customers owe \$1,711,475. MidAmerican states that in addition to the 8,603 LIHEAP and weatherization natural gas customers who owe past due amounts for gas service, there are 6,863 LIHEAP or weatherization approved customers on payment agreements and those customers owe a total of \$3,498,111. MidAmerican states that the number of payment agreement customers and the total amount owed in the Gas Moratorium Report April 2014 include amounts owed for both natural gas and electric service, since the separate amounts are combined for purposes of payment agreements. MidAmerican indicates that the combined amounts could be separated but the process is complicated and might take some time.

The Board will revise the May 1, 2014, order to update the number of natural-gas-only LIHEAP and weatherization customers who have past-due debt based upon the Gas Moratorium Report April 2014. In addition, the Board finds that it is reasonable to require MidAmerican to include in the disbursement of the insurance proceeds those customers who have payment agreements that include both natural gas service and electric service. The separation of the two amounts for each service would require a significant amount of time and resources that could be better used to provide relief for LIHEAP and weatherization customers who have entered into payment agreements for both natural gas and electric service debt. The Board considers separation of the two debts to be unnecessary since the primary goal is to address the high bills owed by LIHEAP and weatherization customers that resulted from the extreme cold weather this past winter and paying off payment agreements where the customer has both natural gas and electric service accomplishes this goal.

In the May 1, 2014, order, the Board directed MidAmerican to prepare a list of those customers who are to receive disbursement payments to include customers: (1) who were certified for LIHEAP or weatherization for the winter of November 1, 2013, through April 1, 2014; (2) who have unpaid bills for natural gas service; (3) who have been disconnected; and (4) who have entered into payment agreements for unpaid debt.

The May 1, 2014, order directed MidAmerican to disburse payments for the customers described above to cover: (1) any outstanding debt owed by LIHEAP or weatherization certified customers still receiving natural gas service from MidAmerican or who have been disconnected from natural gas service; (2) any reconnection or late payment charges owed to MidAmerican by LIHEAP or weatherization certified customers when MidAmerican reconnects natural gas service; and (3) any remaining debt on a payment agreement entered into by MidAmerican LIHEAP or weatherization certified customers.

These requirements of the May 1, 2014, order have not been revised and MidAmerican is still required to prepare a list as described in the May 1, 2014, order and to disburse the insurance proceeds to cover the same debt owed by these customers. The Board understands the total amount disbursed may be different than the totals in the Gas Moratorium Report April 2014 and will require MidAmerican to file a report showing the total amount of insurance proceeds disbursed and the number of customers whose debt has been paid.

**IT IS THEREFORE ORDERED:**

1. The Application for Reconsideration filed by MidAmerican Energy Company on May 9, 2014, is granted.
2. The "Order Approving Disbursement of Former Manufactured Gas Plant Insurance Proceeds" issued by the Utilities Board on May 1, 2014, is revised as described in this order.
3. MidAmerican Energy Company shall file a report showing the total disbursements of insurance proceeds made to customers and the total number of customers who received payments within 30 days of the final disbursement.
4. MidAmerican Energy Company shall retain records showing the customers to whom disbursements were made and the amounts of those disbursements.
5. MidAmerican Energy Company shall retain those insurance proceeds not disbursed to LIHEAP and weatherization customers and will include these retained proceeds in the annual purchased gas adjustment reconciliation.

6. MidAmerican Energy Company shall disburse any additional insurance recoveries associated with former manufactured gas plant sites recovered after the date of this order through the purchased gas adjustment factor as described in this order.

**UTILITIES BOARD**

/s/ Elizabeth S. Jacobs

/s/ Nick Wagner

ATTEST:

/s/ Joan Conrad  
Executive Secretary

/s/ Sheila K. Tipton

Dated at Des Moines, Iowa, this 27<sup>th</sup> day of May 2014.